

**Statement by Rep. Michele Bachmann  
House Financial Services Committee Hearing  
“Oversight of the Federal Government’s Intervention at  
American International Group”**

**March 24, 2009**

Thank you, Mr. Chairman.

When last week’s news broke to the public and the mainstream media that AIG paid \$165 million in retention bonuses to its executives, many of which are not even with the company today, every member of this committee heard from outraged constituents that were asking the same questions: How could the government allow this? When did they know about the imminent bonuses? And when, if ever, will the taxpayers be repaid?

The people are frustrated. They are angry. And, quite frankly, given how freely their government has been doling out their money: They were justified.

After a few days it has become clear that the Federal Reserve and the Treasury Department both know about the bonuses long before the story broke. As far back as May 2008, the bonuses were made public in SEC documents. In November 11, 2008, AIG claims that one of then-New York Federal Reserve Bank President Geithner’s top deputies was briefed on the bonus plan at AIG headquarters in New York. Two weeks later, AIG disclosed more bonus information to the SEC. And, according to Calvin Mitchell, a spokesman for the Federal Reserve, the Treasury, the Federal Reserve and the New York Attorney General all knew about the AIG bonuses in the fall of 2008.

Mind you: All along, taxpayer dollars were being funneled to AIG by the government to bail them out of their troubled finances.

More than four months later, everyone from President Obama and Secretary Geithner to Senate Banking Committee Chairman Chris Dodd reacted with sheer disbelief and surprise at today’s situation. But the truth is: they knew it was coming. Worse, Senator Dodd has admitted that he inserted language at the Treasury Department’s behest into the so-called “stimulus” bill which specifically allowed these bonuses to go forward.

Like my constituents, I am incensed that AIG employees would accept these taxpayer-funded bonuses when they retained their jobs and their company was kept afloat by the grace of the taxpayers in the first place. Yesterday’s news that 15 of the top 20 bonus recipients have agreed to return the taxpayers’ money, amounting to only about \$30 million, is more than welcomed.

But that doesn’t mean that those who knew about the bonuses should not be held accountable. And let’s not forget that the complete bonus roll-out is actually scheduled to total about \$450 million over the next year. We’re left to wonder if the back end of this contract will be renegotiated.

Finally, this type of collision of two worlds – business and political – with very different decision-making processes and radically different pressures is to be expected when government steps into the board room, as we did when we passed the \$700-billion bailout and when government infused Wall Street with trillions of dollars. These types of

contractual decisions take place everyday in the business world. Government reached its hand deep into the inner workings of private companies and it should come as no surprise to the President or others that supported the bailouts that this day could eventually come. I voted against the bailouts and this inherent flaw was certainly one of the critical reasons why.

Thank you Secretary Geithner, Chairman Bernanke, and Mr. Dudley for being here today. I look forward to hearing from each of you. Thank you, Mr. Chairman, and I yield back the balance of my time.